

BEFORE

THE PUBLIC SERVICE COMMISSION

OF SOUTH CAROLINA

DOCKET NO. 2019-212-E

IN RE: South Carolina Energy Freedom Act (House Bill 3569) Proceeding Related to Dominion Energy South Carolina, Inc. for the Commission to Review the Community Solar Programs Established Pursuant to Act 236 of 2014 and to Solicit Status Information on Existing Programs from the Electrical Utility S.C. Code Ann. Section 58-41-40(B)(1).

**DOMINION ENERGY SOUTH
CAROLINA, INC. APPLICATION FOR
REVIEW OF ITS COMMUNITY SOLAR
PROGRAM**

Dominion Energy South Carolina, Inc. (“DESC”), pursuant to the Public Service Commission of South Carolina (“Commission”) Order No. 2021-98, dated February 24, 2021, issued in Docket No. 2019-212-E, hereby applies for review of its Community Solar distributed energy resource program (“Community Solar program”), previously approved by the Commission by Order No. 2015-512.

With this application DESC seeks the closing of this docket. The application and request for relief set forth herein will not involve a change to any of DESC’s rates or prices, or require any change in any Commission rule, regulation, or policy. The issuance of an order administratively closing the above-captioned docket will not prejudice the right of any party to address this issue in a subsequent general rate case or annual fuel review proceeding. Accordingly, neither notice to the public at-large, nor a hearing is required regarding this application and closure of this docket.

In accordance with the provisions of Commission Reg. 103-823, S.C. Code Ann. § 58-39-110, *et seq.*, of the Distributed Energy Resource Program Act (“Act 236”), and S.C. Code Ann. § 58-41-40(B)(2), *et seq.*, of the South Carolina Energy Freedom Act (“Act 62”), DESC respectfully shows to the Commission the following:

I. INTRODUCTION

1. DESC is a corporation duly organized and existing under the laws of the State of South Carolina, with its principal offices at 220 Operation Way, Cayce, South Carolina 29033.

2. DESC is engaged, in part, in the business of generating, transmitting, and delivering electricity and providing electric service to the public for compensation. DESC owns and operates an integrated electric utility system that serves approximately 760,000 customers in 24 counties in South Carolina.

II. PROCEDURAL HISTORY

A. Approval of DESC's Distributed Energy Resource Plan

3. Act 236 became effective June 2, 2014, and sought to “promote the establishment of a reliable, efficient, and diversified portfolio of distributed energy resources” for the State of South Carolina. S.C. Code Ann. § 58-39-110. Act 236 directed utility companies to develop various distributed energy resource programs, including Community Solar programs, by allowing cost-shifting mechanisms and permitting utilities to recover any reasonable costs related to their investments in those programs. S.C. Code Ann. § 58-39-130(A)(5).

4. In Docket No. 2015-54-E, by Order No. 2015-512, dated July 15, 2015, the Commission approved DESC's Distributed Energy Resource Plan (“DERP”) pursuant to Act 236 (“Approval Order”). DESC's Petition for Approval to Participate in a Distributed Energy Resource Program, filed February 9, 2015, is attached hereto as **Exhibit A** and incorporated herein (“Original Application”).

5. In the Original Application, DESC's DERP included a number of customer initiatives to meet the goals envisioned in Act 236, one of which was the creation of a Community

Solar program. DESC Petition for Approval, ¶¶ 40-52, Docket No. 2015-54-E (filed February 9, 2015).¹

6. The Original Application detailed a program “for customers (a) who wish to participate in DER Programs but are unable or are reluctant to install solar panels at their premises, (b) who wish to take advantage of the economies of scale and lower costs associated with large solar farms, or (c) due to lack of income or tax-exempt status are unable to take advantage of tax credits associated with the installing of DER.” DESC Petition for Approval, ¶ 40, Docket No. 2015-54-E (filed February 9, 2015).

7. To establish this program, DESC contracted with solar developers to construct solar farm facilities in DESC’s service territory. DESC Petition for Approval, ¶ 41, Docket No. 2015-54-E (filed February 9, 2015).

8. Pursuant to the Original Application, under Act 236, DESC enters into an agreement with each customer wherein DESC agrees to compensate the customer for each kilowatt hour (“kWh”) of energy provided to the grid from its solar panels by means of a credit on the customer’s bill equal to the Value of Solar rate as applied to each kWh generated plus a DER incentive payment. DESC Petition for Approval, ¶ 46, Docket No. 2015-54-E (filed February 9, 2015).

9. For billing purposes, the Original Application provided that the energy provided to the grid from the customer is deemed a pro rata share of the energy provided by the solar farm in which the customer’s leased solar panels are located. DESC sought the ability to allow low-income customers and tax-exempt customers financing to address the upfront capital costs that may be

¹ In April 2019, SCE&G changed its name to Dominion Energy South Carolina, Inc. as a result of the acquisition of SCANA Corporation by Dominion Energy, Inc. For consistency, “DESC” refers to the company both before and after this name change.

associated with their purchase or lease of solar panels. DESC Petition for Approval, ¶¶ 48-49, Docket No. 2015-54-E (filed February 9, 2015).

B. Approval of the Community Solar Rider and the Credit Rate Agreement for DESC's Community Solar Program

10. On February 1, 2016, DESC submitted a “Rider to Retail Rates–Community Solar” (“Original Rider”) to the Commission in compliance with the Approval Order. The Original Rider established the bill credit that DESC agreed to issue to a customer participating in the Community Solar program for energy produced by that customer’s ownership share of the Community Solar facility. Rider at 1, Docket No. 2015-54-E (filed February 1, 2016). The Original Rider was approved by the Commission on February 24, 2016, by Order No. 2016-155.

11. On July 21, 2017, DESC submitted to the Commission proposed revisions to the Original Rider. DESC Petition for Approval of Proposed Revisions, Docket No. 2017-236-E (filed July 21, 2017). The revised rider was approved by the Commission on August 2, 2017, pursuant to Order No. 2017-494 (“Existing Rider”). The Existing Rider is attached as **Exhibit B**.

12. Among other things, the Existing Rider notes that DESC will issue a bill credit to a participating customer until the 35th anniversary² of the commercial operation date for the Community Solar renewable energy generating facility, which is June 2018 for the Springfield and Nimitz facilities and February 2019 for the Curie facility. These facilities are described in more detail below. DESC Petition for Approval of Proposed Revisions at 2, Docket No. 2017-236-E (filed July 21, 2017). Thus, the relevant documents filed by DESC contemplate an extended period of operation of the Community Solar program. There is no expiration date of the Community Solar program.

² The 35 year term is comprised of a 20 year initial term and a subsequent 15 year extended term. Existing Rider at 2, Docket No. 2017-236-E (filed August 2, 2017).

13. On October 18, 2016, the Commission, by Order No. 2016-707, approved a Credit Rate Agreement (“CRA”) between DESC and Clean Energy Collective, LLC (“CEC”). The purpose of the CRA was to authorize CEC to develop, build, and market up to 16 megawatts (“MW”) of Community Solar renewable generating facilities. The CRA further provided the terms by which DESC agreed to pay CEC for the energy, capacity, and green attributes delivered by the facilities. Order No. 2016-707 at 2, Docket No. 2016-290-E (filed October 18, 2016).

14. On December 21, 2016, the Commission approved, by Order No. 2016-846, in Docket No. 2015-54-E, the addition of a low-income Community Solar offering to the Existing Rider. The program is designed to make solar energy available to low-income customers with no up-front costs and no cost for operation or maintenance. Order No. 2016-846 at 3, Docket No. 2015-54-E (filed December 21, 2016).

15. Pursuant to the Commission’s directive in the Approval Order, DESC proposed a First Amendment to the CRA to the Commission on February 24, 2017. Letter at 1, Docket No. 2016-290-E (filed February 24, 2017). This First Amendment provided for, among other things, a subscription model and a low-income Community Solar offering. *Id.* On March 8, 2017, by Order No. 2017-151, the Commission approved the First Amendment to the CRA.

16. On January 24, 2018, by Order No. 2018-57, the Commission approved the Second Amendment to the CRA. The Second Amendment modified certain milestone dates in the original CRA. Second Amendment to CRA at 1, Docket No. 2016-290-E (filed January 8, 2018).

17. On August 22, 2018, by Order No. 2018-583, the Commission accepted for filing the Consent and Third Amendment to the CRA. No further modifications have been made to the CRA since August 2018.

C. Community Solar Review Under Act 62, the South Carolina Energy Freedom Act

18. On May 16, 2019, Act 62 became effective. Through Act 62, the General Assembly sought to “expand the opportunity to support solar energy and support access to solar energy options for all South Carolinians, including those who lack the income to afford the upfront investment in solar panels or those who do not own their homes or have suitable rooftops.” S.C. Code Ann. § 58-41-40(A).

19. Importantly, Act 62 requires that “[a]n electrical utility may not charge any non-participating customers for any costs incurred pursuant to the provisions of this section.” S.C. Code Ann. § 58-41-40(C). Act 62 therefore contains a direct prohibition on practices that shift costs from participating customers to non-participating customers.

20. On June 11, 2019, the Commission opened Docket No. 2019-212-E pursuant to S.C. Code Ann. § 58-41-40(B)(1), which provides that “[w]ithin sixty days after the effective date of this chapter, the commission shall open a docket for each electrical utility to review the community solar programs established pursuant to Act 236 of 2014 and to solicit status information on existing programs from the electrical utilities.”

21. Act 62, S.C. Code Ann. § 58-41-40(B)(2), further states, “[w]ithin one hundred and eighty days after the commission opens the docket pursuant to item (1), the electrical utilities shall update their report on their existing programs and may propose new programs.” Pursuant to Act 62, DESC is required to “update their report on their existing programs” and “*may* propose new programs.” (emphasis added).

22. On June 18, 2019, the Chief Clerk, by letter and as directed by the Commission, set a deadline of July 18, 2019, for DESC to file its initial report with the Commission updating its Community Solar program as required by S.C. Code Ann. § 58-41-40(B)(1). Letter, Docket No. 2019-212-E (filed June 18, 2019).

23. DESC complied with this deadline and filed a report (“Report on Community Solar Program”) in this docket on July 18, 2019, detailing DESC’s existing Community Solar program, background on the approval of DESC’s existing Community Solar program, and customer participation in DESC’s existing Community Solar program. By providing the Commission with this report, DESC sought to comply with its obligations under S.C. Code Ann. § 58-41-40(B)(1), which required DESC to report on its existing programs. DESC also informed the Commission that it had no plans to submit a proposal for a new Community Solar program under Act 62. While DESC is supportive of expanding Community Solar offerings, Act 62 prohibits cost-shifting, and demand for the existing subsidized program is already low amongst low-income participants.

24. On November 22, 2019, DESC filed an update in this docket (“DESC Update on Community Solar Program”) as required by S.C. Code Ann. § 58-41-40(B)(2). DESC Update on Community Solar Program, Docket No. 2019-212-E (filed November 22, 2019). The purpose of this update was to provide more recent customer participation statistics.

25. By conducting the required review in this docket consisting of an initial report and subsequent update, DESC believes that the Commission has fully complied with its obligations under Act 62. Given Act 62’s prohibition on cost-shifting to non-participating customers and for reasons further outlined below, DESC has not proposed any new programs under Act 62.

D. Further Review in Docket No. 2019-212-E

26. Following the update, on December 2, 2020, the Commission directed the Clerk’s Office to set a hearing schedule in this docket. Order No. 2020-791, Docket No. 2019-212-E (filed December 2, 2020). DESC submitted a request on December 18, 2020, that Docket No. 2019-212-E be administratively closed. DESC’s Letter Requesting Docket be Administratively Closed, Docket No. 2019-212-E (filed December 18, 2020). In arguing for the docket’s closure, DESC asserted that it has complied with its obligations under Act 62 through its provision to the

Commission of its July 18, 2019, report on its existing Community Solar programs and its November 22, 2019, update to the July 18, 2019, report. Having no plans to propose any new Community Solar programs, DESC expressed its belief that both it and the Commission have met their obligations under Act 62.

27. The Commission denied DESC's request to administratively close Docket No. 2019-212-E on January 20, 2021, by Order No. 2021-46. On January 21, 2021, the Commission provided notice to DESC that the Commission would hear oral arguments on DESC's request to administratively close Docket No. 2019-212-E on February 9, 2021. However, the Commission cancelled the oral arguments by Order No. 2021-17-H on February 8, 2021.

28. On February 5, 2021, the South Carolina Office of Regulatory Staff indicated to the Chief Hearing Officer of the Commission by email that it had no objections to DESC's request that Docket No. 2019-212-E be administratively closed. E-Mail 2, Docket No. 2019-212-E (filed February 5, 2021).

29. The Commission, by Order No. 2021-98 required DESC to file this application no later than April 15, 2021.

III. DESC'S COMPLIANCE APPLICATION REVIEW

A. INTRODUCTION

30. DESC's existing Community Solar program, which is hereby being resubmitted for Commission review, allows DESC customers to either purchase or subscribe to a portion of the energy output from one of three Community Solar energy generating facilities on DESC's system. In return, the customer receives a credit on their monthly DESC bill.

31. DESC's Community Solar program allows customers to receive a benefit from solar while mitigating the cost sharing to non-participants. DESC is able to do so by various

methods including utilization of tax credits, economies of scale, and effective solar siting. DESC currently has no plans to end the program and is not required to do so under Act 62.

32. While Act 236 promotes the establishment of solar energy programs through the use of cost-sharing and subsidies, with the passage of Act 62 and its cost-shift restriction, DESC is now restrained in any future Community Solar program offerings.

33. Act 62 *requires* that “[p]articipating customers shall bear the burden of any reasonable and prudent costs associated with participating in a neighborhood community solar project.” S.C. Code Ann. § 58-41-40(C). Act 62 expressly prohibits shifting costs between participating and non-participating customers.

34. Because under Act 62 the costs cannot be shared between participating and non-participating customers, the law as currently written requires that any future Community Solar programs offered by DESC necessitate participating customers bear all of the costs associated with that program. This requirement will especially affect demand and capability for any Community Solar program offerings to low-income customers.

35. Currently, there is only one low-income customer on the waitlist for the Community Solar program. The current low demand for the existing *subsidized* program enacted pursuant to Act 236 exacerbates the impact of Act 62’s cost-sharing restriction for the current participants. If low demand exists for a subsidized Community Solar program, it is unlikely that a non-subsidized program will have much of a demand amongst low- and moderate-income participants.

36. Additional hurdles exist in the present environment. Currently, it could take up to three to four years for a solar project to navigate the interconnection process because of the high number of renewable energy development projects staged in the interconnection queue. Any expansion to the current Community Solar program is subject to these renewable energy projects being studied first. While DESC is currently working with stakeholders on interconnection reform

measures, unless and until reforms are implemented for the current interconnection queue, any change to the Community Solar program, even with the necessary statutory changes, will be ineffective.

37. DESC remains committed to expanding renewable energy options to all of its customers and encouraging access to low- and moderate-income customers within the bounds of existing law. In the event that avenues to access are expanded through legislative changes, rate recovery changes, or other program models, DESC looks forward to being an invested participant in that process with the Commission, developers, and Community Action Agencies.

B. PROGRAM DETAILS

a. Overview

38. DESC offers a Community Solar program for three segments of customers: (1) Residential; (2) Low-Income; and (3) Tax-Exempt Non-Residential. The Tax-Exempt Non-Residential segment of customers consists of customers receiving service under Rate 3 (Municipal Power Service), Rate 12 (Church Service), and Rate 22 (School Service).

39. DESC's Community Solar program allows participating customers to either purchase or subscribe to a number of solar panels estimated to produce enough energy to offset their most recent 12 months usage. Purchase or subscription by Residential customers cannot exceed 20 kilowatts ("kW") and purchase or subscription for non-residential customers cannot exceed 1,000 kW.

40. Customers participating in other DESC DERP programs cannot participate in DESC's Community Solar program.

41. Subscribing customers receive \$0.01 per kWh as a credit on their utility bill and the solar farm project developer (the "Authorized Community Solar Developer") receives a

corresponding \$0.09 kWh credit for each pro-rata share of the Community Solar farm's production. This results in an effective rate of \$0.10 kWh for subscribed capacity.

42. All subscribing customers pay a monthly fee of \$0.20/kW on their utility bills to participate and this subscription fee is used as a credit against program expenses. However, customers subscribed in the Low-Income Community Solar ("Select") program, described in more detail below, do not pay a monthly fee, as the program is offered to those customers with no up-front cost.

43. Purchasing customers receive a credit rate on their bill of \$0.10/kWh. No credit goes to the Authorized Community Solar Developer for purchased capacity. The transaction for the purchase of solar panels is made between the customer and the Authorized Community Solar Developer.

44. DESC's Low-Income Community Solar offering sets aside a dedicated 1,000 kW of solar capacity for residential customers with household incomes equal to or less than 200% of the current Federal Poverty Guidelines established by the U.S. Department of Health and Human Services.

45. These customers are qualified and referred to the program through a partnership with eight local Community Action Agencies located throughout the DESC service territory. Prior to participating, customers must allow DESC to perform a Home Energy Check-up to provide customers with energy efficiency measures and education that can help lower their energy bills. This service is provided at no cost to the customer.

46. To date, DESC has constructed three Community Solar facilities. These facilities are:

- (i) Springfield Solar, a 6 MW facility in Orangeburg County, which entered commercial operation in June 2018.

(ii) Nimitz Solar, an 8 MW facility in Jasper County, which entered commercial operation in June 2018.

(iii) Curie Solar, a 2 MW facility in Hampton County, which entered commercial operation in February 2019.

b. Customer Participation in DESC's Community Solar Program

47. All capacity in the Community Solar program is fully subscribed. When a customer leaves the program, they are replaced by a customer on the waitlist. Each segment of customers, Low-Income, Residential, and Tax-Exempt Non-Residential, has its own waitlist. DESC continues to accept customers onto its Community Solar waitlists. However, at this time, there is only one low-income customer on the waitlist.

48. The program launch for residential customers began in June 2017 and was fully subscribed by October 2017. Through March 31, 2021, there were 844 residential customers (5.3 MW capacity) in the subscription program and 38 residential customers (0.15 MW capacity) in the purchase program. The residential waitlist is currently at 5 customers.

49. The program launch for low-income customers began in August 2017 and was fully subscribed by May 2018. Through March 31, 2021, there were 166 low-income customers participating. Currently, there is only one low-income customer on the waitlist. As of March 31, 2021, low-income participants have received \$49,450 as a direct credit on their DESC bills.

50. The program launch for the tax-exempt non-residential customers began in May 2017 and was fully subscribed by September 2017. Through March 31, 2021, there were 19 Municipal rate customers (2.5 MW capacity), 16 School rate customers (5.9 MW capacity) and 12 Church rate customers (1.1 MW capacity) in the tax-exempt non-residential subscription program. These customers have signed additional capacity commitment agreements which act as a non-residential waitlist.

51. Table 1 provides a summary of the number of customer accounts for each segment of customers and the associated MW of capacity that have either been purchased or subscribed to in the three Community Solar facilities through March 31, 2021.

Table 1

Segment	Accounts	Capacity (MW)
Low-Income	166	1.0
Residential	882	5.5
Non-Residential	47	9.5
Total	1,095	16.0

52. Table 2 provides a summary of the benefits credited to Community Solar customers, the charges to subscribing customers, and the associated number of accounts through March 31, 2021.

Table 2

	\$	Accounts
Purchase Benefit	\$75,238	38
Select Benefit	\$49,450	166
Subscription Benefit	\$714,823	891
Subscription Charges	\$92,048	

IV. CONCLUSION

53. While DESC would consider a successor program to its Community Solar program, it is restricted by the current language of Act 62, which does not allow a Community Solar program to be subsidized. Without cost-shifting, there is little demand among low-income constituents. Legislative change in the form of tax credits or rate recovery designs, or other financial incentives, is necessary to allow and expand this renewable energy offering.

54. In addition to the necessary legislative changes needed as to the Community Solar program itself, in order for DESC to practically expand or modify the program, the incredible backlog of interconnection queue projects must be alleviated and addressed.

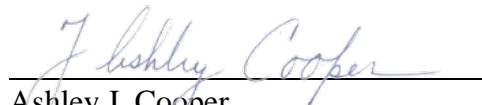
55. Until such time as the aforementioned statutory and logistical changes are implemented, and as both the Commission and DESC have satisfied the requirements of Act 236 and Act 62, DESC respectfully requests that this docket be closed.

WHEREFORE, DESC respectfully requests the following:

1. That the Commission reconsider its decision in Order No. 2021-46 and administratively close this docket; and
2. For such other and further relief as this Commission deems just and proper.

[SIGNATURE PAGE FOLLOWS]

Respectfully submitted,



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